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Commissioner of Education



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Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

~~July 21, 2003~~

Updated July 30, 2003

TO: School District Administrators

FROM: Gerri Ogle, Associate Commissioner, Administrative and Financial Services
Denise Pierce, Director, School Finance
Tom Quinn, Director, School Governance

RE: July Financial Information

July Through October Foundation Payment Calculations

No Basic Formula calculation sheet will be prepared or sent to the district until November when the 2003-04 formula calculation is done with updated data. During the months of July through October, the Foundation payments are based on the final apportionments for 2002-03 as shown on the June 2003 payment report. These payments will reflect the \$195 million withholding in the Foundation Program announced by the Governor earlier this month.

2002-03 Audit Confirmation Report

The 2002-03 Revenue Audit Confirmation Report provides a summary of all the payments made to the district during the 2002-03 year and is available at the web site listed below. The 2002-03 audit confirmation will not be mailed. The totals on the report should correspond to the district's records for each type of revenue received from DESE. Amounts received at times other than the regularly scheduled monthly payments (off-line payments) are not included on the audit confirmation. If an Annual Secretary of the Board Report (ASBR) revenue edit is generated and the difference is due to an "off-line" payment, describe the payment and the amount in the Remarks section of the ASBR. A Remark may also be necessary if an edit is generated because the district refunded monies to the state.

http://dese.mo.gov/divadm/finance/audits/audit_year.html

Setting 2003-04 Tax Levies

The district should have received the 2003 State Auditor's Office forms for computing the 2003 tax rate ceiling for operations and the debt service maximum levy. Someone in the district should complete these forms as soon as possible and forward through the appropriate channels. Establishing the tax rate ceiling is fundamental in determining the actual adjusted tax levy and the placement of the levy by fund.

A District Tax Reduction Worksheet (more commonly referred to as the Prop C Rollback Worksheet) is posted in conjunction with this memo. For those districts completing the Prop C Rollback Worksheet this year, data for Lines 1b (if applicable) and 2a of the calculation are found in the Proposition C compliance letter sent to the school districts in February. The letter also contained information needed for Line 14 of the State Auditor's Office tax rate ceiling form. These amounts may also be

found at the School Finance WEB page: <http://dese.mo.gov/divadm/finance/index.html>. Click on “Special Reports” and then click on “Prop C Compliance Letter”. Districts having received voter approval for a full waiver of the Proposition C rollback do not need to complete this worksheet.

Levy placement by fund and increases in adjusted levies or voluntary rollbacks may impact (1) a district’s ability to make the GTB/Line 1 transfer, (2) certificated salary compliance, or (3) adjustments to levies used in the state aid formula. If uncertain about the impact a levy change may make, the district may want to consult with School Finance.

Estimate of Required Local Taxes Form

The **Estimate of Required Local Taxes** form is available on the web at the following address <http://dese.mo.gov/divadm/finance/memos/ERLT.pdf> for use in filing the 2003 tax levies with your county(ies). A paper form will not be mailed. The **Estimate of Required Local Taxes** establishes the tax levy by fund to be extended onto the tax books for the 2003 calendar year. One form is to be sent to each county clerk in which the school district has assessed valuation. The form must be filed on or before September 1 each year in order for the school district to have a tax levy for the new fiscal year. In addition to the summary information filed on the form, the unadjusted and adjusted levies by fund are reported.

The unadjusted levy for operations is defined as the tax rate ceiling for operations minus any voluntary rollback for operations. The tax rate for operations may be placed in the Incidental, Teachers and/or Capital Projects Funds at the discretion of the district. The unadjusted levy for the Debt Service Fund is defined as the State Auditor’s calculated tax rate for debt service minus any voluntary rollback. The unadjusted and adjusted tax rates for the Debt Service Fund and the Capital Projects Fund are always the same because there is no rollback for Proposition C allowed in these funds.

The adjusted levy for operations is defined as the unadjusted levy for school purposes minus the Proposition C rollback in the Incidental and/or Teachers Fund, as appropriate, plus the Capital Projects Fund levy, if applicable. The total adjusted tax levy equals the adjusted levy for operations plus the adjusted levy for the Debt Service Fund. A district that does not have a Proposition C rollback (i.e., a district with a voter approved full waiver) will set the unadjusted and adjusted levies the same for each fund. Please pay particular attention to the asterisk footnotes on the form.

The information reported to the county(ies) on the **Estimate of Required Local Taxes** should be the same as that reported by the district on Screen 6 and 6A of the 2003-04 August Core Data Collection Cycle. If adjustments are made to the levies during the year, please ensure that the appropriate corrections are made with the county, State Auditor’s Office, and on Screen 6 of Core Data. If you have questions regarding the completion of the **Estimate of Required Local Taxes** form, please contact the School Finance Section at (573) 751-0357.

Revenue Object Code Change (Updated)

The placement of Revenue Code ~~5456~~ **5465**, Title II, Part A, ESEA – Teacher and Principal Quality and Professional Development, has been revised. This change will be incorporated into the next revision of the *Missouri Financial Accounting Manual*.

Placement Was:

Placed in the General or Special Revenue Fund at the discretion of the local board.

Changed To:

Placed in the General (Incidental) or Special Revenue (Teachers) Fund at the discretion of the local board. (If the flexibility option is used, money may be placed in the Capital Projects Fund in accordance with the flexibility budget.)

2002-03 ASBR

The 2002-03 Annual Secretary of the Board Report (ASBR) program is now available from the DESE WEB Applications Page located at the following address: <http://k12apps.dese.state.mo.us/webapps/logon.asp>. Users may access the ASBR by entering the appropriate userid and password. The WEB Applications page may also be accessed from the DESE and School Finance WEB pages by clicking on the “WEB Application Logon” button.

The “ASBR” button found on the School Finance WEB page is being used as an update bulletin board to notify district staff of changes, updates and problems with the 2003 ASBR. District staff may want to refer to this site periodically to check for current ASBR information.

The 2002-03 Annual Secretary of the Board Report (ASBR) must be submitted by midnight, August 15, 2003 or the September Basic Formula and Line 14 (Free & Reduced) payments will be held. Continued delay in submitting the ASBR will result in continued holding of the payment. Since the initial submission of this report impacts the district's state aid, do not delay submission waiting for local board approval.

Remember, simply placing ASBR data onto the WEB pages does not equate to “submitting” the data to DESE. District staff must take specific actions to “submit” the 2002-03 ASBR. If the ASBR Status Page does not indicate a “submit date” in the appropriate column, the district ASBR has NOT been submitted.

ASBR Changes

School Finance has made the following changes to the 2002-03 ASBR:

Revenue Code 5465: Changed the Capital Projects Fund from a closed field to an open field (See “Revenue Object Code Change” above).

Part I, Restricted Balance Detail: Changed Line 1006 “Other” Restricted Balance in the Debt Service Fund from a closed field to an open field (This is strictly for districts that have QZAB bonds).

Annual Report of the County Clerk to the State Board of Education

Upon completion by the county clerk of the Annual Report of the County Clerk to the State Board of Education, the county has been encouraged by School Finance to send a copy of the report to the respective school districts. A district official should review that report and compare the data to data the district has in its records. Ensure that the county clerk's report indicates the final December 31, 2002 assessed valuation rather than the estimated 2003 assessed valuation. The average of the December 31, 2002 and December 31, 2001 assessed valuations as submitted by the county clerk will be used on Line 2 of the 2003-04 Basic Formula calculation. For the district's allocation to be correct, it is important that these assessed valuations are reported correctly.

June 2003 Cycle Attendance-Membership Report

The June 2003 Cycle Attendance-Membership Reports will be mailed to districts in the near future. The Attendance-Membership Report shows the 2002-03 district totals of attendance hours by grade and membership by grade along with possible problems with the data. If the Attendance-Membership Report document indicates errors in the data, the district should correct the appropriate Core Data WEB screen, print screen prints of the individual revised screens, highlight or circle the corrected data and mail or fax to School Finance. Even if no problems are found with the data, please sign and return the “return receipt” form that will be included with that Attendance-Membership Report.

2003-04 Free Textbook Payment Projection – Revised

The 2003-04 budget approved by the House and Senate reflects projected Free Textbook revenue at \$89,650,000. This is a projected increase of 7.95% over the 2002-03 amount. The 2002-03 Free Textbook total revenue of \$83,046,981 was approximately a 12% increase over 2001-02. The 2003-04 actual revenue is now known and is \$66,481,621.

	Estimated or <u>Actual Revenue</u>	Estimated or <u>Actual Membership</u>	Amount per <u>Membership</u>
2003-04 Budget Estimate	\$89,650,000	890,000 Est.	\$100.73
2003-04 No Revenue Growth Estimate	\$83,046,981	890,000 Est.	\$ 93.31
2003-04 Actual Revenue to Distribute	\$66,481,621	890,000 Est.	\$ 74.70
2002-03 Actual Revenue	\$83,046,981	883,589 Act.	\$ 93.98
2001-02 Actual Revenue	\$71,753,266	884,745 Act.	\$ 81.10

The revised projection is the 2003-04 actual revenue of \$66,481,621 divided by the projected September 2002 membership of 890,000 yielding **\$74.70** per membership. The FY04 actual revenue is significantly lower than the revenue available in FY03. The cause of the decrease is being researched. Apparently more refunds were required to be made to insurance companies this past year, thus reducing the available revenue. The Textbook payment will be made September 30.

Career Ladder

Many districts have contacted the School Finance Section with questions about the career ladder program. The Department recently sent a mailing to all participating districts identifying the monies the district will receive and noting that the funding for this program is 3.9% short. Questions relating to the career ladder program should be directed to Janet Goeller at (573) 751-1191.

2003-04 Budgeting

As you know by now, Governor Holden did sign budgets for the Department of Elementary and Secondary Education and the Department of Higher Education. The governor announced that the budgets submitted by the General Assembly remained out-of-balance. As a result, he announced withholdings in FY04 of \$195 million from the foundation program.

You have probably reviewed the simulations the Department prepared estimating the impact of the withholdings. We remind you that these simulations do not attempt to project actual payments for your district. We do NOT have all the data that will be used in the calculations for FY04. The proration factors are estimated to .88 on Lines 1A and 14A, and .83 on Lines 1B and 14B. The actual factors may be slightly higher or lower than these estimates. Be as conservative or optimistic as you choose.

The latest projections for transportation, remedial reading and gifted aid also are based on year-old data. The transportation reimbursement is estimated to be approximately 70% of Line 52 of the transportation formula. The gifted reimbursement is estimated to be approximately 55% of the allowable costs. The remedial reading reimbursement is estimated to be approximately \$7200 per full-time remedial reading teacher.

2003-04 GTB/Line 1 Transfer Amounts

The 2003-04 GTB/Line 1 transfer amounts as calculated by DESE have been posted to the School Finance WEB page: <http://dese.mo.gov/divadm/finance/>. Click on "Special Reports", then "Transfer GTB/Line 1".

Changing Depository Banks (Updated)

~~Many districts change depository banks at the beginning of the fiscal year. To ensure all state ACH payments are directed to the appropriate bank, the school district must contact the Office of Administration at (573) 751-2971 to notify them of the change in banks.~~

The Office of Administration recently provided revised procedures to DESE for districts needing to update their depository bank. Districts should complete the form located at <http://www.oa.mo.gov/purch/vendor.html> under ACH/EFT Application and Instructions, and file it pursuant to the instructions. The form and instructions are fairly self-explanatory. However, should questions arise, please contact Robin Hager-DeBraal in DESE's Accounting Section at (573) 526-5157.

Districts Exempt from the Certificated Salary Compliance

In any given payment year, a district receiving state aid based on its 1992-93 payment amount per eligible pupil (Hold Harmless Districts) which is less than 50% of the statewide average paid per eligible pupil during the previous year is exempt from the certificated salary requirements for that payment year pursuant to Section 165.016.8, RSMo. The districts that received in 2002-03 less than \$1,163.54 (50% of the 2001-02 state average) and are exempt for 2002-03 are:

014-130	South Callaway R-II	074-201	Maryville R-II	096-094	Mehlville R-IX
015-002	Camdenton R-III	080-122	Pettis Co. R-XII	096-095	Parkway C-2
015-003	Climax Springs R-IV	082-105	Boncl R-X	096-098	Afton 101
016-096	Cape Girardeau 63	083-003	Platte Co. R-III	096-101	Brentwood
026-006	Jefferson City	088-080	Westran R-I	096-102	Clayton
036-139	Washington	092-091	St Charles R-V	096-106	Ladue

042-119	Davis R-XII	095-059	Ste. Genevieve Co. R-II	096-107	Maplewood-Richmond Heights
047-065	Iron Co. C-4	096-090	Pattonville R-III	096-113	Valley Park
048-080	Center No. 58	096-091	Rockwood R-VI	096-114	Webster Groves
066-105	School of the Osage R-II	096-092	Kirkwood R-VII	100-064	Kelso C-7
071-092	Morgan Co. R-II	096-093	Lindbergh R-VIII	104-044	Reeds Springs R-IV
				106-004	Branson R-IV

Professional Development (1%) Money

One compliance check the district should monitor for the year just ended, 2002-03 (Line K), as well as the one beginning, 2003-04 (Line H), is whether the district did (will) expend the Professional Development (1%) money. On the monthly "Formula Calculations for Distribution of State School Money" sheet (Form "SA128"), the current apportionment for the 2002-03 Basic Formula is given on Line K, while the current apportionment for the 2003-04 Basic Formula will be given on Line H. The Basic Formula Current Apportionment amount shown on the June report is the value to use in calculating the one percent (1%) for the Professional Development Committee money.

Seventy-five percent (75%) of one percent (1%) of the current year's Basic Formula current apportionment must be spent in the year received for purposes determined by the Professional Development Committee and identified in the professional development plan in relation to a school improvement plan. The other twenty-five percent (25%) of the one percent (1%) may be spent on any professional development approved by the Committee. Any portion of the one percent (1%) not expended during the year must be shown as a part of the restricted fund balance on June 30.

As noted in our December 2002 monthly memo, capital outlay (equipment) is not an allowable expenditure for professional development purposes. Function Code 2214 in the Capital Projects Fund has been closed for the 2002-03 and future Annual Secretary of the Board Reports.

School Governance

Residency Issues

It is approaching that time of year when students will be registering for school and the district will be dealing with residency issues. It would be advisable, especially for districts with new administrators, to review the district's residency policy and enrollment forms. Additional information on residency, such as an enrollment checklist and residency waiver, can be found at the school governance website: <http://dese.mo.gov/divadm/govern/index.html>.

Playground Safety

The National Program for Playground Safety provides information to help insure safe playgrounds for schools across the nation. The NPPS website can be found as a link on the school governance web page under school safety or go directly to <http://www.uni.edu/playground/>. The NPPS has a one page Safety Report Card to evaluate the risk factors of a playground. The report card may be obtained by calling 1-800-554-PLAY.

MSPMA Annual State Conference

The annual state conference of the Missouri School Plant Managers Association will be held on September 21-23, 2003 at Lodge of the Four Seasons at the Lake of the Ozarks. A MSPMA membership form and registration form for the conference have been sent in a separate mailing. Please provide the conference information to the person in your district in charge of facilities. Additional information about the conference can be obtained by calling Mr. Tony Sloan, Executive Director, at (573) 443-0789. Registration and conference information is also available at <http://www.mspma.com/>.

School Transportation

SB 184 – School Bus Permit Fingerprinting Requirement

Senate Bill 184 was signed by Governor Holden on July 11, 2003. This bill requires all school bus permit applicants to submit two sets of fingerprints when applying for a school bus permit. It requires a fee not to exceed \$14.00 for state fingerprint criminal history checks and the appropriate fee (currently \$24.00) be paid to the FBI for criminal records checks. The

effective date of the bill is August 28, 2003. Questions regarding this legislation can be directed to Norma Hensiek, Department of Revenue, at (573) 751-3103.

DESE Homepage Address: <http://dese.mo.gov/>